

**Verizon New England Inc.
d/b/a Verizon Massachusetts**

Commonwealth of Massachusetts

D.T.E. 01-31 Phase II

Respondent: Michael J. Anglin
Title: Director- Service Costs

REQUEST: Attorney General Set #2

DATED: September 5, 2002

ITEM: AG-VZ 2-1 Please explain how the Verizon cost models, used to determine UNE costs, allocate corporate operations expense, accounts 6710 and 6720, to the individual UNE costs. Include in the response the work papers associated with the cost allocations.

REPLY: Verizon MA objects to this Information Request on the grounds that it is not reasonably calculated to lead to the discovery of admissible evidence. Subject to and without waiving its objection, Verizon MA provides the following response.

It is not clear whether this request is seeking information related to UNE costs determined in the *Consolidated Arbitrations* proceeding (D.T.E. 96-73/74, 96-75, 96-80/81, 96-83, 96-94) or UNE costs currently before the Department in D.T.E. 01-20.

In the *Consolidated Arbitrations*, common expenses in accounts 6710 and 6720 were not allocated to individual UNEs. Instead, common corporate operations expenses were reflected in UNE costs via a factor based on the relationship between common expenses and total plant investments. The workpaper that developed this factor is included as Attachment 1 to this response.

Likewise, in D.T.E. 01-20, common expenses in accounts 6710 and 6720 were not allocated to individual UNEs. Instead, common corporate operations expenses were reflected in UNE costs via a loading based on the relationship between common expenses and total Company expenses. The workpaper that developed this loading is included as Attachment 2 to this response. Note that the Department has issued its Order in D.T.E. 01-20, and the final value of this

REPLY: AG-VZ 2-1
(cont'd)

loading will likely change when the Company files its compliance cost studies.

VZ # 241

**Verizon New England Inc.
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Commonwealth of Massachusetts

D.T.E. 01-31 Phase II

Respondent: Michael J. Anglin
Title: Director – Service Costs

REQUEST: Attorney General Set #2

DATED: September 5, 2002

ITEM: AG-VZ 2-2 For the Verizon cost model results that were used to support UNE costs that are currently in place, provide the total corporate operations expenses that were used as an input into the modeling process and provide the corporate operations expense that were allocated to the UNE costs for:

- a. Two Wire Links – Analog –Metro
- b. Two Wire Links – Analog –Urban
- c. Two Wire Links – Analog –Suburban
- d. Two Wire Links – Analog –Rural
- e. Line Ports – Analog – Metro
- f. Line Ports – Analog –Urban
- g. Line Ports – Analog – Suburban
- h. Line Ports – Analog – Rural

REPLY: Verizon MA objects to this Information Request on the grounds that it is not reasonably calculated to lead to the discovery of admissible evidence. Subject to and without waiving its objection, Verizon MA provides the following response.

Corporate operations expenses were reflected in UNE costs in the manner described in the response to AG-VZ 2-1. The cost studies showing the application of common expense factors to each of the individual UNEs are voluminous. A copy of the studies will be made available at the Company's offices at 125 High Street, Boston, Massachusetts, at a mutually agreeable time.

**Verizon New England Inc.
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Commonwealth of Massachusetts

D.T.E. 01-31 Phase II

Respondent: Michael J. Anglin
Title: Director – Service Costs

REQUEST: Attorney General Set #2

DATED: September 5, 2002

ITEM: AG-VZ 2-3 For the Verizon cost model results that were used to support UNE costs that are currently in place, provide the per-line corporate operations expense that were allocated to the UNE costs for:

- a. Two Wire Links – Analog –Metro
- b. Two Wire Links – Analog –Urban
- c. Two Wire Links – Analog –Suburban
- d. Two Wire Links – Analog –Rural
- e. Line Ports – Analog – Metro
- f. Line Ports – Analog –Urban
- g. Line Ports – Analog – Suburban
- h. Line Ports – Analog - Rural

REPLY: Verizon MA objects to this Information Request on the grounds that it is not reasonably calculated to lead to the discovery of admissible evidence. Subject to and without waiving its objection, Verizon MA provides the following response.

Corporate operations expenses were reflected in UNE costs in the manner described in the response to AG-VZ 2-1. The cost studies showing the application of common expense factors to each of the individual UNEs are voluminous. A copy of the studies will be made available at the Company's offices at 125 High Street, Boston, Massachusetts, at a mutually agreeable time.

VZ # 243

**Verizon New England Inc.
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Commonwealth of Massachusetts

D.T.E. 01-31 Phase II

Respondent: Michael J. Anglin
Title: Director – Service Costs

REQUEST: Attorney General Set #2

DATED: September 5, 2002

ITEM: AG-VZ 2-4 For the Verizon cost model results that were used to support UNE costs that are currently in place, provide the per-minute corporate operations expense that were allocated to the UNE costs for:

- a. Tandem Switch Usage – Peak
- b. Tandem Switch Usage – Off Peak
- c. Unbundled Local Switching
- d. Unbundled Shared Trunk Port – Peak
- e. Unbundled Shared Trunk Port – Off Peak
- f. Unbundled local transport – Peak
- g. Unbundled local transport – Off Peak

REPLY: Verizon MA objects to this Information Request on the grounds that it is not reasonably calculated to lead to the discovery of admissible evidence. Subject to and without waiving its objection, Verizon MA provides the following response.

Corporate operations expenses were reflected in UNE costs in the manner described in the response to AG-VZ 2-1. The cost studies showing the application of common expense factors to each of the individual UNEs are voluminous. A copy of the studies will be made available at the Company's offices at 125 High Street, Boston, Massachusetts, at a mutually agreeable time.

VZ # 244

**Verizon New England Inc.
d/b/a Verizon Massachusetts**

Commonwealth of Massachusetts

D.T.E. 01-31 Phase II

Respondent: John Conroy
Title: Vice President-Regulatory
Massachusetts

REQUEST: Attorney General Set #2

DATED: September 5, 2002

ITEM: AG-VZ 2-5 Please refer to Verizon's response in DTE 01-31 (Phase I) to AG-VZ-5-6 and the Phase II August 28, 2002 testimony of John Conroy, Retail Service Quality Plan Attachment, page 5.

- a. Please provide a copy of the monthly Quality of Service (QOS) report which reports for the most recent month of 2002
- b. Under Verizon's Phase II Plan, will Verizon continue to file monthly QOS reports in the same format and covering the same information as the current QOS Report?
- c. If not, please describe the differences in reporting that Verizon proposes the Department allow.

REPLY:

- a. See attached.
- b. Verizon MA does not believe there is a need for the Department to impose retail service standards and penalties on any carrier. However, if the Department decides that it is necessary to implement a service quality plan for Verizon MA, Verizon MA proposes the Service Quality Plan attached to Mr. Conroy's direct testimony. Section 2D of that Plan states "(t)he Company will provide a monthly Quality of Service ("QOS") report to the Department outlining its performance under the plan. A copy of the report is included in Section 3.
- c. See b. above

VZ # 245

**Verizon New England Inc.
d/b/a Verizon Massachusetts**

Commonwealth of Massachusetts

D.T.E. 01-31 Phase II

Respondent: Paula L. Brown
Title: Vice President-Regulatory

REQUEST: Attorney General Set #2

DATED: September 5, 2002

ITEM: AG-VZ 2-6 Please refer to Paula Brown's August 28, 2002 testimony, pages 7-8, where you state that the 5% annual rate increases for Residential Basic services was based on the Consumer Price Index.

- a. Explain precisely to what period of time you are referring when using the word "historical," *i.e.* how many years, what years specifically, etc.?
- b. How does a 5% annual rate increase compare to the Consumer Price Index reported in Verizon MA's 6th Annual Massachusetts Price Cap Compliance Filing (2001)?
- c. How does a 5% annual rate increase compare to the Consumer Price Index reported in Verizon MA's 5th Annual Massachusetts Price Cap Compliance Filing.
- d. How does a 5% annual rate increase compare to the Consumer Price Index reported in Verizon MA's 4th Annual Massachusetts Price Cap Compliance Filing (1999)?
- e. How does a 5% annual rate increase compare to the Consumer Price Index reported in Verizon MA's 3rd Annual Massachusetts Price Cap Compliance Filing (1998)?
- f. How does a 5% annual rate increase compare to the Consumer Price Index reported in Verizon MA's 2nd Annual Massachusetts Price Cap Compliance Filing (1997)?

ITEM: AG-VZ 2-6
(cont'd)

- g. How does a 5% annual rate increase compare to the Consumer Price Index reported in Verizon MA's 1st Annual Massachusetts Price Cap Compliance Filing (1996)?
- h. What is the comparable Consumer Price Index for 2002?

REPLY:

Ms. Brown's August 28, 2002 testimony, page 7-8, does not state that the 5% annual rate increase for Residential Basic services was based on the Consumer Price Index.

Ms. Brown testified that the historical average CPI increases was one of the factors considered by Verizon MA in determining the proposed 5% ceiling for residence Basic services price increases.

- a. Ms. Brown considered the historical CPI data from 1929 to the present.
- b. The CPI increase reported in Verizon MA's 6th Annual Massachusetts Price Cap Compliance filing was 2.2 percent.
- c. The CPI increase reported in Verizon MA's 5th Annual Massachusetts Price Cap Compliance filing was 1.6 percent.
- d. The CPI increase reported in Verizon MA's 4th Annual Massachusetts Price Cap Compliance filing was 2.3 percent.
- e. The CPI increase reported in Verizon MA's 3rd Annual Massachusetts Price Cap Compliance filing was 3.0 percent.
- f. The CPI increase reported in Verizon MA's 2nd Annual Massachusetts Price Cap Compliance filing was 2.8 percent.
- g. The CPI increase reported in Verizon MA's 1st Annual Massachusetts Price Cap Compliance filing was 2.7 percent.
- h. The CPI increase for the year 2000 vs. 1999 is 3.4 percent and for the year 2001 vs. 2000 is 2.8 percent.

VZ # 246

**Verizon New England Inc.
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Commonwealth of Massachusetts

D.T.E. 01-31 Phase II

Respondent: John Conroy
Title: Vice President-Regulatory
Massachusetts

REQUEST: Attorney General Set #2

DATED: September 5, 2002

ITEM: AG-VZ 2-7 Please refer to Verizon MA's Phase I June 5, 2002, Compliance Filing, page 8, regarding the "extremely competitive markets in Massachusetts."

- a. Please explain the phrase "extremely competitive" as used in the Phase I Compliance Filing.
- b. Please explain to what "markets" you are referring.

REPLY:

- a. The phrase "extremely competitive" refers to the level of competitive activity in the Massachusetts telecommunications markets as detailed in the Massachusetts Competitive Profile submitted as Attachment 1 to the Rebuttal Testimony of Robert Mudge, subsequently adopted by Mr. Conroy and the updated Profile submitted in response to RR-DTE-2A, in Phase 1.
- b. The "markets" referred to are telecommunications markets for all services in Massachusetts.

VZ # 247

**Verizon New England Inc.
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Commonwealth of Massachusetts

D.T.E. 01-31 Phase II

Respondent: Paula L. Brown
Title: Vice President-Regulatory

REQUEST: Attorney General Set #2

DATED: September 5, 2002

ITEM: AG-VZ 2-8 Please refer to Verizon MA's July 16, 2002 Reply Comments, page 8, regarding Verizon's proposal to require all residential customers to pay for Touch-Tone service.

- a. Please specifically explain the term "ubiquitous" as used in the Reply Comments.
- b. What percent of Verizon's residential customers presently use Touch-Tone service?

REPLY: The term "ubiquitous", as used on page 8 of Verizon MA's July 16, 2002 Reply Comments, means widespread.

Referring to Tab B, Attachment I, Workpaper I of the Compliance filing, there are 2,745,851 Residence Access lines and 2,506,972 Touchtone subscribers. Therefore, 91.3 percent of Verizon MA's residential lines subscribe to Touchtone service.

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Commonwealth of Massachusetts

D.T.E. 01-31 Phase II

Respondent: Paula L. Brown
Title: Vice President-Regulatory

REQUEST: Attorney General Set #2

DATED: September 5, 2002

ITEM: AG-VZ 2-9 Please refer to the Phase I June 5, 2002, Compliance Filing, pages 2-3, where you state that the LifeLine credit for eligible customers will be increased so as to offset the Residential Dial-Tone Line rate increase.

- a. Please explain with specificity how the increase in LifeLine credit for eligible customers will be calculated so as to offset the increase in Residential Dial-Tone Line rate.

REPLY: The proposed increase in the Residential Dial-Tone Line rate associated with the elimination of the separate Touchtone charge is \$0.47 as shown on Tab B Attachment I, Workpaper 1, Line 19 of the Compliance filing. The proposed increase in the Lifeline credit to offset this increase does not have to be calculated. Rather, the level of the Dial Tone Line increase of \$0.47 is simply added to the LifeLine credit.

VZ # 249

**Verizon New England Inc.
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Commonwealth of Massachusetts

D.T.E. 01-31 Phase II

Respondent: Paula L. Brown

Title: Vice President-Regulatory

REQUEST: Attorney General Set #2

DATED: September 5, 2002

ITEM: AG-VZ 2-10 Please refer to the Phase I June 5, 2002, Compliance Filing, page 6-7.

- a. Please specifically explain the phrase “very little demand for the offering” as used in the Compliance Filing.
- b. Please explain the assertion that “the Department’s rationale for reducing the collocation rates to UNE-based charges simply does not apply in the case of enduser customers who have taken services under the tariff.”

REPLY:

- a. Verizon MA’s Compliance Filing page 6-7 does not use the phrase “very little demand for the offering”. It does, however use the phrase “little demand for the offering” which means small in number. The sentence following this quote goes on to note that there are currently only 34 circuits being provided.
- b. The Department’s rationale for reducing the collocation rates in question to UNE-based charges was that the facilities were primarily provided to other carriers as wholesale services. As Verizon MA noted in its Compliance Filing on pages 6-7, it will convert all of the existing circuits that are provided to carriers to the relevant UNE offering in Tariff DTE No. 17. This will leave only three circuits provided under Tariff DTE No. 10 Section E. Those three circuits are provided to retail customers, not to carriers. In addition, on May 23, 2002, the Department approved Verizon MA’s proposal to grandfather Tariff DTE No. 10 Section E, and therefore, the Company no longer provides any customer with new collocation services under this tariff.

**Verizon New England Inc.
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Commonwealth of Massachusetts

D.T.E. 01-31 Phase II

Respondent: John Conroy

Title: Vice President - Regulatory
Massachusetts

REQUEST: Department of Telecommunications and Energy, Set 1

DATED: September 4, 2002

ITEM: AG-VZ 2-11 Please refer to the Phase II August 28, 2002, testimony of John Conroy, Retail Service Quality Plan Attachment 1, page 1 where in you state: “these measures cover almost all interactions the Company has with its retail customers.”

- a. Does the current Service Quality Plan include digital subscriber line (“DSL”) interactions between the Company and its retail customers?
- b. Does the proposed Service Quality Plan include digital subscriber line (“DSL”) interactions between the Company and its retail customers?

REPLY:

- a. The excerpt from the testimony was intended to refer to retail services regulated by the Department which are the subject of this case. Verizon MA does not provide DSL to retail customers. Verizon MA provides DSL service to wholesale customers under an interstate tariff. Interactions with customers relating to services which the Department does not regulate are not covered by the Service Quality Plan adopted in D.P.U. 94-50.
- b. No. Verizon MA is proposing that the Department continue to use the Service Quality Plan adopted in D.P.U. 94-50 if it believes that such a plan is necessary. As noted above, that Plan does not deal with services that the Department does not regulate.

**Verizon New England Inc.
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Commonwealth of Massachusetts

D.T.E. 01-31 Phase II

Respondent: Paula L. Brown
Title: Vice President-Regulatory

REQUEST: Attorney General Set #2

DATED: September 5, 2002

ITEM: AG-VZ 2-12 Please provide the average monthly revenue per switched residential access line for local residential service (that is, the average revenue derived from the offering of flat-rate, measured, metropolitan, and suburban service plans that are described at http://www22.verizon.com/ForYourHome/SAS/res_fam_localcalling.asp).

REPLY: The average monthly revenue derived from offering of flat-rate, measured, metropolitan, and suburban service plans that are described at http://www22.verizon.com/ForYourHome/SAS/res_fam_localcalling.asp is:

Flat Rate Service *	\$16.85
Measured Rate Service*	Not Available Requires a Special Study
Metropolitan Service*	\$30.60
Suburban Service*	\$24.98

* Subscribers also pay a Federal Subscriber Line Charge of \$6.00 for primary lines and \$6.49 for additional lines.

VZ # 252